



*United States Attorney
Southern District of New York*

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**OWNER OF ROCKLAND COUNTY PAYROLL TAX SERVICE
PLEADS GUILTY TO FRAUD AND TAX EVASION CHARGES**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that MENACHEM HIRSCH pleaded guilty in White Plains federal court today to wire fraud and tax evasion charges relating to his theft of over \$2.3 million of funds that were entrusted to HIRSCH by dozens of corporations in order to satisfy the corporations' federal payroll tax obligations.

According to Court records and the transcript of guilty plea proceeding, between 1998 and 2000, HIRSCH owned and operated PAL Data Processing, Inc. ("PAL"), a company based in Monsey, Rockland County, New York, that provided payroll-related services for corporate clients located in Rockland County and northern New Jersey. According to the Information to which HIRSCH pleaded guilty, HIRSCH performed the following services for the corporate clients of PAL: preparation of federal payroll tax returns, known as Forms 941; signing of those returns; and forwarding the payroll tax monies owed by clients to the IRS and advanced to HIRSCH by the

clients of PAL.

According to the Information and HIRSCH's guilty plea, after HIRSCH's clients advanced him the monies to pay the IRS for the clients' payroll tax obligations, HIRSCH used the clients' funds to make personal bets in the stock market. As a result of those stock market trades, the Information alleges, HIRSCH lost over \$2,314,000 and tried to cover up those losses by preparing and filing with the IRS false and fraudulent payroll tax returns, which falsely under-reported and under-paid the clients' payroll tax obligations. According to the Information, HIRSCH prepared and filed with the IRS over 160 false and fraudulent payroll tax returns. The Information further alleges that HIRSCH sent to many of his clients a separate and correct set of payroll tax returns – which HIRSCH never filed with the IRS – in order to falsely convince the clients that he had prepared and filed correct payroll tax returns. According to the Information, the clients from whom HIRSCH stole funds, and thereafter caused their payroll tax obligations to be evaded, included American Shelter Corporation, Pediatric Affiliates, the Village of Kiryas Joel, and the Yeshiva of Spring Valley.

Mr. KELLEY praised the investigative efforts of the IRS and the United States Postal Inspection Service.

HIRSCH, 36, faces five years' incarceration on each of the wire fraud and tax evasion charges to which he pleaded guilty, as

well as fines of over \$4,500,000 and restitution in the amount of \$2,314,000.

Assistant United States Attorney STANLEY J. OKULA, JR. is in charge of the prosecution.

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